

Other brochures available

To get a copy of these free publications, write or call the Attorney General's Office.

CONSUMER GUIDES

- For seniors
- For general public
- For college students

The above guides include several of the following topics that are also available in these individual pamphlets:

CAR/HOME

■ All About Autos:

- Car Repair, Lemon Law, Odometer Rollback, Used Cars
- Charitable Giving
- Door-to-Door Sales
- Home Repair Fraud
- Landlord-Tenant Law
- Lien Law
- Warranties

SOLICITATIONS/SALES

- Buying Tips
- Contest Cons
- Magazine Sales
- Slamming & Cramming
- Telemarketing Fraud
- The Real Deal: Shows kids how to be smart shoppers
- Travel Scams
- Vacation Timeshares

REMEDIAL ACTION

- Consumers, Take Action

HEALTH

- Health & Fitness Clubs
- Hearing Aids
- Insurance
 - Coverage: Detecting Fraud, Long-term Care Insurance, Medicare Supplemental Insurance Fraud
- Pre-Need Funeral Plans

INVESTMENT

- Bank Examiner & Pigeon Drop Schemes
- Business Offers
- Home Equity Loans
- Investment Scams
- Pyramid (get-rich-quick) Schemes

LEGAL/BUSINESS

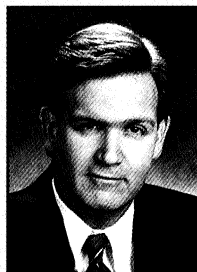
- Chapter 407: State's consumer protection laws
- Credit Repair Scams
- Crime Victims' Rights
- Going-out-of-Business Sales
- Protecting Victims of Domestic Violence
- Rules for Advertising: Code of state regulations
- The Court Process: How the criminal justice system works
- The Sunshine Law: Missouri's Open Meetings & Records Law

Consumer Protection Hotline



Call the Attorney General's toll-free Consumer Protection Hotline if you think you have been defrauded:

■ **800-392-8222**



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Pyramid Schemes

Many
get-rich-quick
schemes are
illegal pyramid
operations.

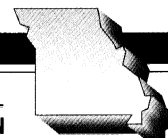
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CONSUMER GUIDE

FROM ATTORNEY GENERAL
JEREMIAH W. (JAY) NIXON



A **PYRAMID** is an investment scheme in which a participant primarily makes money by recruiting members who, in turn, make money primarily by enticing others to join.

The focus is on recruiting participants, **not** on selling a product. Products that are sold are overpriced or nearly worthless.

If you are considering a product-selling investment, be cautious. If the opportunity for income is primarily derived by recruiting more investors or salespersons **rather than** by selling a product, the plan probably is illegal.

Claims that a promoter makes concerning the investment opportunity often are exaggerated and misleading. Since few products are sold, most of the money generated is through recruitment of members.

When recruitment slows, the marketing system collapses, leaving most participants with losses.

*A pyramid scheme
involves a lot of losers
who pay a few winners.*

CHAIN LETTERS

The chain letter, a common type of pyramid operation, involves sending letters to individuals, sometimes requesting a small sum of money. A promise is made to persons responding that they will receive many times their investment by following the same procedure.

Another chain letter recommends that the consumer buy four reports regarding multilevel sales, each for a nominal sum. The consumer then is to add his name on the list as a seller of the reports.

PENALTIES

Recruiting people to participate in a pyramid scheme is a felony, punishable by up to five years in prison, up to a \$5,000 fine or both.

Every person who recruits another participant into the pyramid can be sued for twice the amount the recruit paid.

If a marketing system is deemed a pyramid, then any money recovered from the illegal enterprise is forfeited to the state — not given to participants.